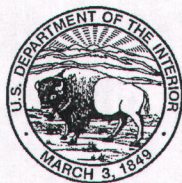


M/023/0024
Wayne



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Fillmore Field Office

95 East 500 North

Fillmore, UT 84631

<http://www.blm.gov/ut/st/en/fo/fillmore.html>



IN REPLY REFER TO:
3600 (UTW02000)
UTU-79462 (expired)
UTU-90142

RECEIVED

DEC 22 2014

DIV. OF OIL, GAS & MINING

December 18, 2014

CERTIFIED MAIL # 7012 3460 0000 6633 3022
RETURN RECEIPT REQUESTED

Mr. Josh Nelson
Ash Grove Cement
P.O. Box 38069
Leamington, Utah 84624

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43 CFR 3600 – Mineral Materials

Mr. Nelson:

Your previous Negotiated Mineral Material Sale at the County Canyon Quarry location was assigned BLM case file number UTU-79462 in 2003. A new Negotiated Sale contract has been prepared for your signature under the BLM case file number UTU-90142. Please refer to this number in future communication concerning the Negotiated Sale. This Negotiated Sale is permitted through the Utah Division of Oil, Gas, and Mining (UDOGM) as a Large Mine under their case file number M/023/0024.

The previous sale contract, from May 22, 2003, was for 100,000 tons, or 216,000 cubic yards (yd³), of shale rock, to be removed over five years, and allows up to twenty-three (23) acres of surface disturbance within a sixty-acre permit boundary in Township 12 South, Range 2½ West, in aliquot parts of section 25. The appraisal value determined by the BLM in May 2003 was \$0.54/ton. As an interim valuation, the Producer Price Index (PPI) will be applied to escalate this value to the December 2013 value, the end of the previous calendar year, by multiplying the previous price by the PPI ratio of June 2003/December 2013, or $(\$0.54/\text{ton} * 248.4/164.7) = \$0.81/\text{ton}$. This valuation will be applied on an interim basis until a new appraisal or valuation may be performed when this contract sale is completed.

The new Mineral Materials Contract, BLM serial number UTU-90142, for the County Canyon Quarry location is enclosed, along with contract stipulations, with this letter. The new sale contract, at your request, will be for 216,000 tons of shale material. Please fill in the purchaser information, sign, and date the contract. In order for the contract to take effect you must return the contract for signature by the Authorized Officer, submit the required performance bond and

the first purchase installment or payment in full. Please submit the signed contract and payment to the Fillmore Field Office at 95 East 500 North, Fillmore, Utah, 84631. Once the required performance bond has been accepted, the Authorized Officer will sign and date the permit and return a copy of the permit for your files. The permit will expire five years from the date of the Authorized Officer's signature or at the time the contracted amount of material has been removed.

Purchase Price – The price of the County Canyon shale material from the site was appraised and approved at \$0.54/ton on May 22, 2003 and has been escalated with the PPI to a value of \$0.81/ton. The full purchase price for 216,000 tons from the County Canyon Quarry site is therefore \$174,960.00. If you choose to make installment payments, the first payment must be a minimum of \$8,748.00, or 5 percent of the full purchase amount, and you will be responsible for payment of the full contract amount, whether or not you remove the full 216,000 tons.

Amount of Performance Bond – As stated within the Code of Federal Regulations (CFR) under 43 CFR §3602.14(b), the BLM does not require a bond amount greater than 20 percent of the total contract value for mineral materials sites. For this contract for the County Canyon Quarry site, that amount would be \$34,992.00. However, since UDOGM has already received a bond amount in excess of the BLM requirement, the UDOGM reclamation bond more than meets the BLM bond requirements for this site.

This office has previously consulted with UDOGM to determine the performance bond. BLM has determined that the amount of \$166,000.00 required as a reclamation bond by UDOGM is sufficient to meet all anticipated reclamation requirements for twenty-three (23) acres of surface disturbance at the site, as specified in UDOGM's Large Mine Reclamation Contract. The amount of the reclamation cost estimate is based on operator compliance with all applicable operating and reclamation requirements. That amount has been previously submitted by Ash Grove Cement to UDOGM for the County Canyon Quarry.

BLM's decision concerning the amount of the required financial guarantee does not relieve you, the operator, of your responsibility to be in compliance with all applicable Federal, State and local laws and regulations, and to obtain all applicable Federal, State and local authorizations and permits. You are responsible for preventing any damage to public lands and resources, and for reclaiming all lands disturbed by your operations.

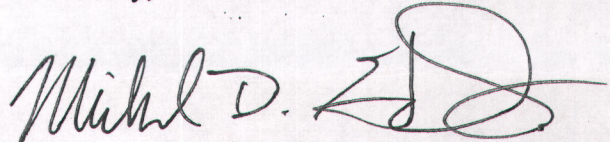
Required Purchase Price and Performance Bond – A performance bond, or reclamation bond, in the amount of \$166,000.00 must be filed and accepted by both the UDOGM and the Utah State Office of the BLM, 440 East 200 South, Suite 500, Salt Lake City, Utah 84145-0155. UDOGM has previously accepted a bond in that amount for this project. That information has now been recorded and acknowledged by the BLM.

Authorization by the BLM to mine is contingent upon compliance with all applicable Federal and State regulations. UDOGM escalates reclamation bonds according to schedules, and their bond requirement for this site is scheduled for an increase in 2017. Please contact UDOGM for information about their bond requirements for this site.

You must also submit the purchase price of \$174,960.00, or the first installment payment, to the BLM Utah State Office before you may begin surface disturbing operations and shale removal. If you choose to make installment payments, the first payment must be a minimum of \$8,748.00. You must not remove more material than you have paid for at any given time. If you choose not to remove the full purchased amount, you will still be responsible for payment of the full purchase price. You will be responsible for payment of the contract amount in full before the full amount of material may be removed.

If you have any questions about your negotiated sale or site reclamation, please contact Duane Bays, Fillmore Field Office Geologist, at (435) 743-3115.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael D. Gates", followed by a large, stylized flourish or scribble.

Michael D. Gates
Field Manager

Enclosures:

Mineral Material Sale Contract with stipulations

cc:

Paul Baker

UDOGM

1594 W North Temple Ste 1210
Salt Lake City, UT 84114

Utah State Office/BLM
440 West 200 South, Suite 500
Salt Lake City, UT 84101-1345